

**State Employee Benefits Committee
Tatnall Building, Room 112
Dover, Delaware 19904**

The State Employee Benefits Committee met June 26, 2017. The following people were in attendance:

Committee Members:

Steve Costantino, Designee of Secretary of DHSS
Bethany Hall-Long, Lt. Governor
Deloris Hayes-Arrington, Designee of Secretary of Finance
Brenda Lakeman, Designee for OMB Director
Evelyn Nestlerode, Designee of Chief Justice, Administrator of Courts
Trinidad Navarro, Insurance Commissioner
Ken Simpler, Treasurer
Jeff Taschner, DSEA
Keith Warren, Designee of the Lt. Governor
Victoria Windle, Designee of the Controller General

Guests:

Faith Rentz, Deputy Director, SBO
Lisa Porter, SBO
Andrew Kerber, DOJ
Ann Alexander, DRSPA
David Craik, Pension Office
Tammy Croce, DE Assoc of School Administrators
Ben Deeble, DRSPA
Lois Deeble, DRSPA
Karin Faulhaber, PHRST
Leighann Hinkle, SBO
Tricia Jefferson, YMCA
Alan Levin, Drinker Biddle

Guests (continued):

Melissa Marlin, OMB
Gisela McKenzie, Univ of DE
Mary Kate McLaughlin, Drinker Biddle
Regina Mitchell, OMB
Bill Oberle, DSTA
Evan Park, Univ of DE
Nathan Roby, OST
Paula Roy, DCSN
Jeff Savin, OMB
Christine Schultz, PGS
Wayne Smith, DHA
Ben Stokes, Retiree
June Taylor, DSEA-R
Jim Testerman, DSEA-R
Kathleen Thomas, DRSPA
Andrew Wilson, Morris James

Julie Caynor, Aetna
Jennifer Mossman, Highmark
Pam Price, Highmark
Judy Grant, HMS
Walt Mateja, Truven Consulting
Kevin Fyock, Willis Towers Watson
Chris Giovannello, Willis Towers Watson
Jaclyn Iglesias, Willis Towers Watson
Rebecca Warnken, Willis Towers Watson

Introductions/Sign In

Brenda Lakeman, Director, Statewide Benefits Office called the meeting to order at 2:00 p.m. Introductions were made.

Approval of Minutes - handout

The Director requested a motion to approve the minutes from the May 8th SEBC meeting. Mr. Taschner noted one correction to a persons' title and made the motion. Treasurer Simpler seconded the motion. The motion carried.

Director's Report – Brenda Lakeman, Statewide Benefits Office (SBO)

2017 Open Enrollment (OE) Curriculum of Mini-Videos (Final Stats)

- Mini-Videos Curriculum final stats show 13,970 employees accessed the videos with a 46.8% overall participation rate (DLC, Schoology & separate website access link).
- myBenefitsMentor Tool had 41,345 eligible users with 8,360 total logins, 6,033 unique users and an average time spent on site at 11 minutes.
- eBenefits enrollment through Employee Self-Service (ESS) show 10,759 of 21,572 DOE, K12, charters and higher ed employees enrolled May 1-May 14 (49.9%); 8,602 of 15,108 agency employees enrolled May 14-May 26 (56.9%); a total 19,361 out of 36,680 (52.8%) compared to 20% in previous years, indicating a major increase.
- Default enrollments: 3,900 of 14,000 contracts were defaulted from Highmark HMO into Aetna HMO and 940 of 1,660 contracts were defaulted from Highmark CDH into Aetna CDH despite multiple communications efforts.
 - SBO is working on providing stats on which agencies show a lack of completing enrollment as suggested by the Lt. Governor.

- Spousal Coordination of Benefits Form: 2,025 SCOB letters mailed June 22nd to subscribers who cover a spouse and did not complete the SCOB form during OE, representing approximately 10%.
- Preliminary enrollment showing pre and post open enrollment movement for each of the plans were covered at a high level. A pre and post employee enrollment for the PHRST Active population was provided. Discussion around employees staying with PPO plan versus moving to less expensive plans indicate members are comfortable paying for higher plans.
 - For budgeting purposes, it was assumed 25% would migrate out of Highmark HMO into the PPO plan which was an accurate target. There is no real impact of this migration on the gross margin when comparing funds collected by the State taking into account employee contributions versus State share.
 - Ms. Lakeman shared the prediction from the myBenefitsMentor tool on member's movement in/out of the Highmark plans which suggested that 57.27% should actually go into the CDH plan, 33.7% should move to the Aetna HMO, 9% should move to First State Basic and under 1% remain in the PPO plan. Though this did not occur, it is not for a lack of marketing and communications, again suggesting members prefer remaining with the Highmark product even with higher premiums. Ms. Rentz shared this is feedback received from employees.
- SBO has been working with the Dept. of Public Health who have some grant funds on a screening campaign with posters due out in the near future along with sending targeted birthday reminders at the age of 40 and 50 years old for screenings. More information to come.
- A recap to the Medicare Part D EGWP Appeals process with noted change made to the higher cost generic, Ms. Lakeman shared the Appeals (one page) document. The CY2016 stats show the EGWP population had a total of 239 appeals, 129 were approved, the majority were actually coverage determination but some were appealing for a lower copay as members do have the option do this. Information is on the member's Evidence of Coverage and on the SBO website.

Financial Reporting

April and May 2017 Fund & Equity Report - handout – Chris Giovannello, Willis Towers Watson

April was a favorable month showing a net income gain of \$5.3M surplus to be added with an ending balance of \$82.8M. One call-out was a budgeted prescription rebate expected for the Commercial population that was not received until May. May shows the \$6.3M Rx rebate received with an ending balance of \$87.4M.

- WTW was asked to speak on the 11 out of 12 month variances against the budget. Mr. Giovannello shared this was a pretty unique year as the budget was set before the new ESI contract terms were finalized. Some areas look a little under budget as rebates are coming in with more of a lag than expected due to timing differentials. As with May and other favorable months, the fund is seeing the strong claim experience coming in under trend and replenish the reserve balance overall. Some months may see some variations from what was budgeted yet year-to-date total claims are coming in close to what was budgeted which builds the surplus.
- WTW provided feedback regarding the differentials within the claims and revenue in terms of the prescription rebates and if this is a consequence of timing of the rebates or something more substantial. Ms. Warnken responded that the current FY has overlap between two prescription contracts with the older contract having smaller rebates being paid out quarterly with a large true-up payment at the end of the plan year whereas the new contract provides much larger quarterly rebates being paid under a longer lag and a small, if any year end true-up payment expected.
- The targeted variances expect to be met the middle of June.

FY17Q3 Financials - handout – Chris Giovannello, Willis Towers Watson

The FY17 Q3 Cost Analysis showed total active and retiree medical and prescription (Rx) drug cost for the period July 1, 2016 through March 31, 2017 is \$560.4M or 93% of the \$601.8M budget (6.9% below budget), resulting in a surplus of \$41.4M. Overall medical and Rx costs per employee increased 4.6% over the first three quarters of FY16 and project an increase of 5.3% over the fiscal year coming below trend levels. Treasurer asked WTW to add another line item to indicate projections for remaining period(s) (one remaining quarter) as forecast an increase in the 4Q17. Summary plan costs and loss ratios shown in detail, showing total cost \$560M vs budgeted \$602M. Truven's dashboards provide data with key medical and Rx cost drivers for Actives in the High Cost Claimant (HCC) range of greater than \$100K shows an increase of 10%; total payments for HCC patients increased 26% to \$118M. HCC are accounting for 23% of the total net

payments, up from 19% during the prior period. Rx decreased 2% but specialty spend increased from 27% to 30%. HCC and specialty Rx are two big focal points both historically and looking forward. Discussion to index or move the HCC range from \$100K to \$150K occurred and noted more education is needed for this topic.

Total program cost YTD is \$560.3M versus full year projection of \$762.7M. The reporting reconciliation (WTW vs OMB Fund and Equity) for FY17 Q3 were reviewed with total cost as percent of budget for WTW at \$41.3M (93%) and OMB at \$38.5M (94%). The reconciliation report will be included each quarter.

The Treasurer requested WTW to include for future discussion is the HCC threshold and the Truven member risk score.

FY18 Budget Review/Approval – handout - Chris Giovannello, Willis Towers Watson

Total operating expenses expected at \$881.5M with a net income of \$14.2M, a balance carried forward of \$87.4M leaving a fund and equity balance of \$101.6M which is consistent with assumptions. Details showing FY18 budget shown in monthly expectations were also presented.

FY12 to FY17 Revenues vs. Claims– handout – Rebecca Warnken, Willis Towers Watson

An overview of this historical lookback was presented for fiscal years 2014 and 2015 when the GHIP experienced significant budget shortfalls. FY12 and FY13 experienced low trends and revenue was held flat. FY14 and FY15 trends spiked to unexpected 9% with revenue remaining low. Trend drivers for Active and Pre-65 Retirees were reviewed. Drivers of the trend show net payments increased \$1,038 per employee. Factors driving this increase before and after breaking out the impact of HCC were reviewed. HCC were the mitigating driver of State of Delaware's overall per member net payment trend. Had HCC experience remained stable, prescription drug price trend during this period would have increased 5% instead of 10%. GHIP should see change in this with the Aetna CareLink and Highmark Care Management services in place. Overall prescription drug price was favorably impacted by increased generic utilization. Similar data included for Medicare Retirees. Dialogue around the historical lookback, trends and assumptions occurred.

Employer-Sponsored Clinic RFI Review - Jaclyn Iglesias, Willis Towers Watson

Interest in employer-sponsored clinics for the State of Delaware surfaced in late 2015 as a result of the Health Plan Task Force and the thinking that the clinics could be options to expand access to primary care and more closely manage the health of the GHIP population. The RFI/RFQ was released April 3rd with eleven vendors responding. The costs, savings and locations were reviewed. Several factors were discussed on how to proceed. Considerations included whether the State budget must pay for any needed infrastructure, not the GHIP and anticipation that it will take three to five years to achieve a return on investment. Discussion on this topic to be continued with additional information to be provided to the SEBC.

Highmark Delaware Diabetes Prevention Program (DPP) Review – Jaclyn Iglesias, Willis Towers Watson

Highmark developed a diabetes prevention program with the goal of preventing diabetes in individuals who are pre-diabetic. The program is certified by the CDC and endorsed by CMS. The goal is to lose 5% of body weight. Highmark is collaborating with two vendors, RetroFit and YMCA with this benefit covered at 100% with no member cost share. Onsite versus virtual program options were outlined with program fees and savings. Estimated annual net (cost)/savings ranges from (\$204,000) to \$684,000. Aetna is considering development of a similar program.

Public Comments

Mrs. Lakeman reminded the group that public comments are limited to three minutes for individuals and five minutes representing an organization. No public comments were made.

Other Business

None

Motions

Ms. Lakeman then requested a motion to approve the Highmark DPP as presented. Mr. Costantino made the motion and Insurance Commissioner Navarro seconded it. Motion carried. Ms. Nestlerode shared comments from the Judicial

Branch on this motion that stated supportive reasons and concerns on the design and ability to secure enough participants. Reporting on the efforts of Highmark and SBO to reach members and monitor progress was requested.

Ms. Lakeman announced the next meeting is scheduled for Monday, July 24th and then requested a motion to adjourn the meeting. Ms. Windle made the motion and Treasurer Simpler seconded the motion. Meeting adjourned at 4:08 pm.

Respectfully submitted,

Lisa Porter
Executive Secretary
Statewide Benefits Office